

# **EXHIBIT P**

# Annual Report 2018



BERTELSMANN

## Results Breakdown

in € millions	2018	2017
Operating EBITDA by division		
RTL Group	1,402	1,478
Penguin Random House	528	521
Gruner + Jahr	140	145
BMG	122	104
Arvato	377	320
Bertelsmann Printing Group	85	118
Bertelsmann Education Group	37	3
Bertelsmann Investments	(3)	(3)
Total operating EBITDA by division	2,688	2,686
Corporate/Consolidation	(102)	(50)
Operating EBITDA from continuing operations	2,586	2,636
Amortization/depreciation, impairments/reversals of intangible assets and property, plant and equipment not included in special items	(670)	(657)
Special items	(296)	(83)
EBIT (earnings before interest and taxes)	1,620	1,896
Financial result	(216)	(219)
Earnings before taxes from continuing operations	1,404	1,677
Income tax expense	(301)	(472)
Earnings after taxes from continuing operations	1,103	1,205
Earnings after taxes from discontinued operations	1	(7)
Group profit or loss	1,104	1,198
attributable to: Earnings attributable to Bertelsmann shareholders	753	776
attributable to: Earnings attributable to non-controlling interests	351	422

generated by France amounted to 13.2 percent (previous year: 13.4 percent). In the United Kingdom, the revenue share was 6.5 percent (previous year: 6.8 percent). The share of total revenues generated by the other European countries amounted to 18.9 percent compared to 18.7 percent in the previous year. The revenue share generated by the United States was 22.0 percent (previous year: 20.5 percent), and the other countries achieved a revenue share of 6.2 percent (previous year: 6.6 percent). This means that the share of total revenues generated by foreign business was 66.8 percent (previous year: 66.0 percent). Year on year, there was a slight change in the ratio of the four revenue sources (own products and merchandise, services, advertising, rights and licenses) to overall revenue.

### Operating EBITDA

Bertelsmann achieved operating EBITDA of €2,586 million in the financial year 2018 (previous year: €2,636 million). The 1.9 percent drop is attributable to negative exchange rate effects and capital gains for real estate sales realized in the previous year. BMG, Arvato and Bertelsmann Education Group posted substantially improved earnings. The EBITDA margin decreased to 14.6 percent (previous year: 15.3 percent).

Operating EBITDA at RTL Group was down 5.1 percent to €1,402 million (previous year: €1,478 million). The previous year's value included a high capital gain from the sale of commercial buildings. Without this effect, the increase was 1.3 percent, driven by higher contributions from RTL Belgium, Groupe M6 and Fremantle. Operating EBITDA at Penguin Random House rose by 1.3 percent to €528 million (previous year: €521 million). Gruner + Jahr's operating EBITDA decreased by 3.4 percent to €140 million (previous year: €145 million) due to declining advertising and circulation revenues in the core businesses in Germany and France. BMG's operating EBITDA increased by 17.3 percent to €122 million (previous year: €104 million), attributable to continued business expansion. Arvato achieved operating EBITDA of €377 million (previous year: €320 million). The strong increase of 17.8 percent reflects improved earnings in all four business areas. Operating EBITDA at Bertelsmann Printing Group declined by 28.0 percent to €85 million (previous year: €118 million) due to declining volumes and the persistent pressure on prices. Operating EBITDA at Bertelsmann Education Group increased significantly to €37 million (previous year: €3 million). Relias in particular posted high earnings growth. Bertelsmann Investments' stakes are generally not consolidated, so that in most cases no operating results are disclosed for this division.

## Penguin Random House

Penguin Random House recorded organic revenue growth of 1.3 percent in the 2018 financial year. Negative exchange rates effects were more than offset by a strong bestseller performance, acquisitions and growth in digital audio downloads.

Including Verlagsgruppe Random House, the German publishing group wholly owned by Bertelsmann, the division increased its revenues by 1.9 percent to €3.4 billion in 2018 (previous year: €3.4 billion). The book group's operating EBITDA increased by 1.3 percent to €528 million (previous year: €521 million). The EBITDA margin was once again high, at 15.4 percent (previous year: 15.5 percent).

The strongest growth drivers were audiobooks, which grew substantially in all the core markets, as well as the publication of former US First Lady Michelle Obama's memoir "Becoming." The book, which was launched simultaneously in 31 languages in mid-November 2018 under the direction of Crown Publishing, stormed the bestseller lists and sold more than seven million copies across all formats in the six weeks to the end of the year.

Penguin Random House announced the increase of its stake in the Brazilian publishing house Companhia das Letras to 70 percent. The publishing portfolio was also expanded with the acquisition of the nonfiction publisher Rodale Books in the United States and the Hindi-language paperback publisher Hind Pocket Books in India. In Singapore, the group established its new Penguin Random House South East Asia unit. Penguin Random House also invested in the expansion of direct relationships with readers and continued to optimize its retail supply chain.

In the United States, the book publishing group placed 481 titles on the "New York Times" bestseller lists last year, 69 at number one. Besides the top title, "Becoming" by Michelle Obama, major sellers included "The President Is Missing" by Bill Clinton and James Patterson, "12 Rules for Life" by Jordan B. Peterson and "The Reckoning" by John Grisham. More than 11 million copies of children's book classics by Dr. Seuss were sold.

Penguin Random House UK recorded stable revenues in 2018, with growth in digital formats and license revenues. The group's British imprints published 39 percent of the Top 10 titles on the "Sunday Times" weekly bestseller lists. The year's bestsellers included "Becoming" by Michelle Obama and "12 Rules for Life" by Jordan B. Peterson, as well as "Jamie Cooks Italy" by Jamie Oliver and "Diary of a Wimpy Kid: The Meltdown" by Jeff Kinney.

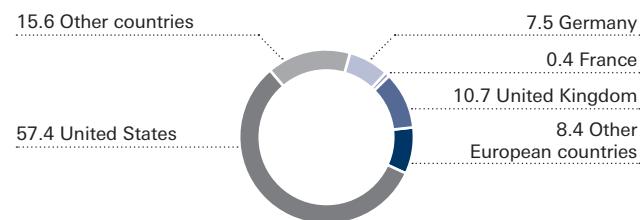
Penguin Random House Grupo Editorial increased its revenues in 2018 and expanded its children's book and audiobook offering for the Spanish-speaking world. Its bestselling titles

were "La desaparición de Stephanie Mailer" by Joël Dicker, "Tú no matarás" by Julia Navarro and "Sabotaje" by Arturo Pérez Reverte.

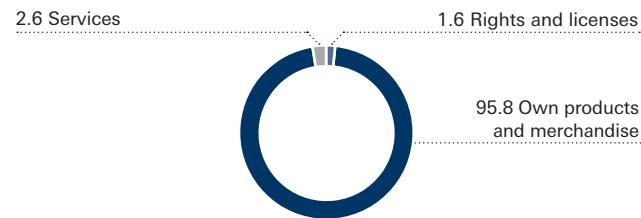
In Germany, Verlagsgruppe Random House maintained its market-leading position, growing both its revenues and earnings. The publishing group had 386 titles on the "Spiegel" bestseller lists, including 20 at number one. Their top-selling title was Michelle Obama's memoir, "Becoming." In 2018, the publishing group purchased Der Audio Verlag, thereby expanding its audiobook publishing program.

Numerous Penguin Random authors won prestigious awards, including Michael Ondatje, who received the Golden Man Booker Prize for "The English Patient" as the best work of fiction among the 50 Man Booker Prize winners through five decades.

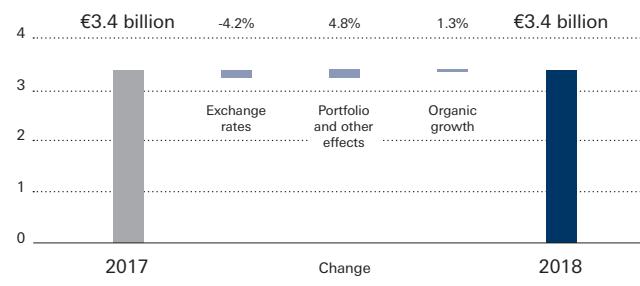
### Revenues by Region in percent (without intercompany revenues)



### Revenues by Category in percent



### Revenue Breakdown



## Notes

## Segment Information (Continuing Operations)

in € millions	RTL Group		Penguin Random House		Gruner + Jahr		BMG		Arvato	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenues from external customers	6,494	6,358	3,424	3,359	1,420	1,493	542	504	4,033	3,754
Intersegment revenues	11	15	—	—	20	20	3	3	67	69
Divisional revenues	6,505	6,373	3,424	3,359	1,440	1,513	545	507	4,100	3,823
Operating EBITDA	1,402	1,478	528	521	140	145	122	104	377	320
EBITDA margin <sup>1)</sup>	21.5%	23.2%	15.4%	15.5%	9.7%	9.6%	22.5%	20.5%	9.2%	8.4%
Impairment (-)/reversals (+) on intangible assets and property, plant and equipment	(105)	(3)	—	—	(46)	(32)	—	—	(6)	(2)
Results from investments accounted for using the equity method	58	69	(2)	—	9	8	—	—	7	9
Invested capital	6,438	6,564	2,370	2,309	667	690	1,885	1,816	1,619	1,673

As of January 1, 2018, the new accounting standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers were applied for the first time. In accordance with the transitional provisions of IFRS 9 and IFRS 15, prior year comparatives have not been adjusted. Further details are presented in the section "Impact of New Financial Reporting Standards." Further details on segment reporting are presented in note 26 "Segment Reporting."

1) Operating EBITDA in percent of revenues.

2) The business development of Bertelsmann Investments is determined primarily on the basis of EBIT. EBIT amounted to €96 million (previous year: €141 million).

## Reconciliation to Operating EBITDA (Continuing Operations)

in € millions	2018	2017
EBIT from continuing operations	1,620	1,896
Special items		
– impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations	173	30
– adjustment to carrying amounts on assets held for sale	6	4
– impairment on other financial assets at amortized cost	—	20
– impairment and reversals on investments accounted for using the equity method	2	50
– results from disposals of investments	(6)	(182)
– fair value measurement of investments	(157)	(15)
– restructuring and other special items	278	176
Amortization/depreciation, impairment and reversals on intangible assets and property, plant and equipment	847	691
Adjustments on amortization/depreciation, impairment and reversals on intangible assets and property, plant and equipment included in special items	(177)	(34)
Operating EBITDA from continuing operations	2,586	2,636

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